

RECORDATION NO. 15037-B

RECORDATION NO. 15037-A

RECORDATION

15037-1425

AUG 27 1986 -2 40 PM

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INTERSTATE COMMERCE COMMISSION

DECKER, HARDT, KOPF, HARR, MUNSCH & DINAN

INTERSTATE COMMERCE COMMISSION

WILLIAM T. CAVANAL

DANIEL A. DECKER

JOHN N. DINAN

JOE HARDT

STEVEN A. HARR

JAMES D. JORDAN

RICHARD O. KOPF

RUSSELL L. MUNSCH

JOHN C. RUTHERFORD

DAVID G. STANCHAK

ROBERT H. VOELKER

JOSEPH J. WIELEBINSKI

PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS

2500 LINCOLN PLAZA, LB 37

500 NORTH AKARD

DALLAS, TEXAS 75201-3394

TELEPHONE (214) 740-2500

TELECOPIER (214) 740-2548

WRITER'S DIRECT DIAL

(214) 740-2542

AUG 27 1986 -2 40 PM

INTERSTATE COMMERCE COMMISSION

August 26, 1986

6 239A043 P.S.

No.

Date AUG 27 1986

Fee \$ 40

Mildred, the notarization
pages are attached to the
end of the lease agreement
copies. Joy Jennings

FEDERAL EXPRESS

Ms. Mildred Lee
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Room 2303
Washington, D.C. 20423

ICC Washington, D. C.

Re: Filing of Four (4) Locomotive Lease Agreements
Debtor: Inman Service Company, Inc.
Secured Party: G. Lynn Hagen

Dear Ms. Lee:

Enclosed please find for filing one original and one
notarized copy of four (4) Locomotive Lease Agreements (Lease
Nos. 186, C-1939, 1227, 5685). The names and addresses of the
debtor and secured party are as follows:

Debtor: Inman Service Company, Inc.
115 North Main Street
Baytown, Texas 77520

Secured Party: G. Lynn Hagen
907 Spencer Street
Carson City, Nevada 89701

Also enclosed are our firm checks totalling \$40.00 in
payment for filing fees.

If you have any questions regarding the above, please
me collect immediately at (214) 740-2542. Thank you for your
attention to this matter.

Sincerely,
Joy Jennings
Joy Jennings
Legal Assistant

MJJ:ljs

Enclosures

cc: Mr. G. Lynn Hagen

John C. Rutherford, Esq.

OFFICE OF
THE SECRETARY
AUG 27 2 37 PM '86
NOT OPERATING UNIT

wjw

Counter-Parts - Michael Mori

15037-B
LOCOMOTIVE LEASE
RECORDATION F.O. FILED 1985

Lease No. 1227

AUG 27 1986 :2 40 PM

October 25, 1985
Date

LESSOR: LYNN HAGEN INTERSTATE COMMERCE COMMISSION
907 Spencer Street
Carson City, Nevada 89701

LESSEE: INMAN SERVICE COMPANY
115 North Main
Baytown, Texas 77520
(713) 427-6677

1. LEASE: Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the Locomotive(s) described hereafter, (all Locomotives are hereinafter referred to as "Leased Equipment"), pursuant to the terms contained herein for the consideration set forth below.

2. LOCOMOTIVE DESCRIPTION: GM model SW-9, 1200 HP

3. ROAD/SERIAL NUMBER: 1227 / SN 6288-4

4. LEASED EQUIPMENT LOCATION: F.O.T. (Freight on Track),
Baytown, Texas

5. TERM OF LEASE: Five (5) years commencing on October 25, 1985, and ending on October 24, 1990.

6. RENTAL CHANGES: The total rent due shall be \$95,377.80 payable in sixty (60) equal monthly installments of \$1,589.63. The prorated rent from October 25, 1985 to October 31, 1985 is \$317.94, and shall be due and owing on November 1, 1985. Commencing with December 1, 1985 the monthly installment payment shall be \$1,589.63, and a like amount shall be due on the first day of each calendar month thereafter to and including October 1, 1990, the final installment payment of \$1,271.69 shall be due and owing on October 24, 1990. All payments shall be made to Lessor's address above. Lessee shall pay a late charge of \$50.00 per month on each installment not received by Lessor within ten (10) days of the due date.

7. LOCATION/SUBLEASE: Throughout the term of the Lease, Lessee shall retain the Leased Equipment at its premises known as the Baytown Facilities. It is understood by Lessor that Lessee intends to sublease the Leased Equipment. Lessee shall not remove the Leased Equipment from its premises unless notice is given to Lessor of the proposed place of use of the Leased Equipment not less than three (3) days prior to the transfer of the Leased Equipment to the proposed place of use. This provision shall apply to all changes of location whether to or from Lessee's premises, or to or from any sublessee's premises. In the event that Lessee shall fail to give notice required herein of any and all changes of location of the Leased Equipment, then Lessor's consent to the removal of the Leased Equipment shall be deemed revoked, and Lessee shall be in default of the terms of this Lease. In short

term and/or emergency switch situations, Lessee shall notify Lessor of any changes of location within 72 hours of any such change.

8. SUBLEASE: It is understood and agreed that Lessee intends to sublease the Leased Equipment to its customers. As a condition of Lessor's consent to any such sublease, a Lessee agrees as follows:

A. Any such sublease shall incorporate by reference the terms of this Locomotive Lease and any Addenda.

B. Lessee shall deliver to Lessor copies of all sublease agreements, contract, and leases, and further provided that all said subleases shall contain the location of use of the Leased Equipment, the name, address, and telephone number of the sublessee, and the term of the sublease, not less than three (3) days before the delivery to the sublessee of the Leased Equipment. In the event that said documents are not delivered to Lessor, in the time required, Lessor's consent shall be deemed revoked, and Lessee shall be in default of the terms of this Lease.

C. In the event of default in the payment of any sums due under this Lease, Lessee hereby appoints Lessor as its attorney-in-fact to collect, directly from sublessees any rents due for the Leased Equipment in the event that Lessee shall not make the lease payments required hereunder. Lessee agrees that Lessor upon written demand to any such sublessee shall pay any rents due under any such sublease directly to Lessor, and by complying with Lessor's request for payment, said sublessee shall not be in breach of any such sublease.

D. Under no circumstances shall Lessor have any obligation to any such sublessee to fulfill any of Lessee's obligations or duties to any sublessee as required by any lease, sublease, maintenance agreement or contract between Lessee and such sublessee.

9. OWNERSHIP: Title to all Leased Equipment shall be and remain in Lessor and the Lessee shall acquire no right, title or interest except the leasehold interest created herein.

Lessee shall not permit or allow any levies, claims, liens or encumbrances or processes on the Leased Equipment. In the event that any such attachment is made to the Leased Equipment, Lessee shall immediately serve notice of the same upon the Lessor and shall pay and fully discharge the amount thereof upon written demand by Lessor.

Lessee shall not pledge, lend, create a security interest in, assign, transfer hypothecate, mortgage or otherwise dispose of the Leased Equipment without Lessor's prior written consent.

Lessee agrees to execute a UCC-1 Financing Statement evidencing this Lease Agreement.

10. TAXES/ASSESSMENTS/LICENSES: Lessee agrees to pay and discharge any and all Federal, State, County, and/or Municipal taxes and assessments that may be levied or accrue in connection with the Leased Equipment. Any license charges or regulation fees levied against the Leased Equipment or its use, except taxes levied on Lessor's net income, shall be paid by Lessee. In the event that Lessor shall receive billings or notices for any such taxes, assessments, licenses or regulation fees, Lessor shall invoice Lessee for such charges, and Lessee agrees to pay to Lessor within ten (10) days of the date of invoice the full amount of said invoice.

11. DELIVERY AND ACCEPTANCE: All Leased Equipment shall be delivered to Lessee's address as set out above. By accepting delivery of the Leased Equipment, Lessee acknowledges that the Leased Equipment is in good operating condition.

THE LESSOR MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DURABILITY, CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, OR ITS FITNESS FOR ANY PARTICULAR PURPOSE.

12. OPERATORS: Lessee agrees that it shall supply its own operators for the Leased Equipment, ~~and~~ Lessee shall insure that all operators of the Leased Equipment shall be competent and qualified to operate the Leased Equipment, that said operators shall all be duly licensed, or certified by any and all appropriate Federal, State, or local governmental entities or other regulatory agencies to operate said Leased Equipment, and that Lessee shall insure that said operators or employees operate said Leased Equipment in accordance with the vendor or manufacturer's manual of instruction as well as all applicable Federal, State or local laws, rules, and regulations.

13. LESSOR'S MAINTENANCE DUTIES: Lessor is not in any way responsible to provide maintenance service or to keep the Leased Equipment in good working condition. Additionally, Lessor is not responsible, and will not provide a monthly or bi-monthly maintenance inspection at any time throughout the duration of this Lease Contract. This Lease carries no obligation on the part of Lessor to furnish any fuel, oil, water, filters or other thing required for the operation of said Locomotive, or any of it, by Lessee.

14. LESSEE'S DUTIES OF CARE/MAINTENANCE/REPAIR AND ALTERATION: Lessee shall, at its own expense, furnish all parts, labor, and other materials necessary to accomplish the following:

A. Install, erect, test, adjust, and operate the Leased Equipment.

B. Comply with all laws, ordinances, regulations, requirements, and rules relating to the use, maintenance, and operation of the Leased Equipment.

C. Make all repairs and replacements necessary to maintain the Leased Equipment in good condition and working order.

D. Lessee shall be obligated to exercise a reasonable degree of care in its use of the Leased Equipment and to perform the daily fluid and maintenance checklist pursuant to the guidelines that may be established from time-to-time by Lessor.

E. Lessee agrees to perform the monthly lubrication and inspection of the Leased Equipment and to maintain a record of said inspection in accordance with the schedule attached hereto as Exhibit "A", and to further perform the monthly maintenance and repair of the mechanical and electrical systems and maintain the reports thereof all in accordance with the schedule attached hereto as Exhibit "B".

F. The Lessee shall make any alterations, additions or improvements to the Leased Equipment. All additions and improvements shall belong to and become the property of Lessor on termination of this

Lease. Lessee, except for the daily maintenance and fuel checks set out above, shall not allow the Leased Equipment to be serviced, maintained or repaired by any company other than Lessee or its associates, unless otherwise expressed in writing and approved by Lessor.

G. Lessee shall not allow the vehicle to be used in an unlawful manner, nor in any manner that would result in or cause the suspension or cancellation of insurance coverage on the Leased Equipment.

15. BREAKDOWN: The Lessee has selected the Leased Equipment for its own operation(s). The Lessor shall not be responsible for any loss of time or any other loss resulting from any breakdown or other failure of the Leased Equipment.

16. RISK OF LOSS:

A. Lessee shall assume the entire risk of loss, theft, or damage to the Leased Equipment, whether or not covered by insurance. Furthermore, no such loss, theft, or damage shall relieve the Lessee of its obligations under the Lease.

B. The Lessee shall notify the Lessor of each accident or other occurrence which causes damage to each vehicle within seventy-two (72) hours thereafter, give all information and cooperation which the Lessor may reasonably request in connection therewith, promptly advise the Lessor of all claims and demands relating to any vehicle or the use, operation, or possession thereof, and aid in the investigation and defense of all such claims arising out of each accident or occurrence.

C. At the end of the Lease term, possession of the Leased Equipment shall be returned to Lessor at the Leased Equipment location in good condition, normal wear accepted. Any repairs necessitated by damage(s) caused directly or indirectly by Lessee, and/or peculiar chemical reaction causing contamination/deterioration necessitating replacement of parts/components and resultant repairs in order to restore Locomotive unit, normal wear accepted, to compliance with AAR and FRA Regulations at the time the unit was placed in service will be paid by Lessee.

17. INSPECTION: Lessor shall have the right to inspect said Locomotive at any time on reasonable notice to Lessee.

18. LIABILITY INSURANCE: Lessee shall, at Lessee's own cost and expense, maintain in full force and effect during the term of this Lease, with a responsible insurance company, insurance insuring Lessor and Lessee against any and all liability to the public or the person, including employees of the Lessee, incident to the use, operation, or storage of the Leased Equipment, for personal injuries in the amount of \$3,500,000.00 for injuries to any one person in any one accident and in the amount of \$3,500,000.00 for injuries to any number of persons in any one accident. Lessee shall deliver to Lessor, not less than five (5) days prior to the delivery date of the Leased Equipment, the policies of insurance satisfactory to the Lessor. The policies shall expressly provide that the insurance company cannot cancel any of the policies without giving ten (10) days written notice to Lessor.

19. INDEMNIFICATION: Furthermore, Lessee agrees to indemnify and hold Lessor, its successors and assigns harmless against all claims, costs, expenses, damages, injury, death, and liabilities of every nature, including reasonable attorney's fees, resulting directly or indirectly from the use, operation, handling, or storage of the Leased Equipment during the term of the Lease by Lessee, its successors, assigns and employees.

The Lessor ~~further~~ agrees, as part consideration of this Lease, to forever indemnify and save harmless the Lessee, and its successors and assigns, from and against any and all loss, damage, injury, death, claims, demands and liability in connection with employees and agents of Lessor in their activities in connection with the Leased Equipment.

20. REPORTS: Lessee agrees to mail or deliver to Lessor, quarterly financial statements and balance sheets at Lessor's address above, and Lessee agrees to provide Lessor semi-annually with copies of all maintenance, lubrication, and repair schedules and all other records maintained with respect to the Leased Equipment.

21. TERMINATION UPON DEFAULT: This Lease may be terminated by the Lessor prior to the expiration date set forth herein on ten (10) days written notice delivered or mailed to the Lessee at its address as set forth above in the event that the Lessee:

- (a) Fails to pay the rental charges within the time specified herein;
- (b) Makes any breach or default under this Agreement.
- (c) Discontinues operation, abandons, or permits Leased Equipment to be subjected to unreasonable hazards or risks.

Such termination of the Lease by the Lessor or the taking or recovery of the Leased Equipment shall not deprive the Lessor of any of its rights, remedies, or actions against the Lessee for rents or damages or affect the Lessee's obligation to make payments provided hereunder. On termination of this Lease for whatever reason, the Lessee agrees that the Lessor may retake possession of the Leased Equipment without any court order or other process of law. For such purpose Lessor may enter upon any premises where such Leased Equipment is located, without notice, demand, or legal process, and remove it without being liable to any suit, action, or other proceeding by Lessee, or its sublessees. Lessee shall be liable for rents in arrears, the expenses of retaking, removing, and storing the Leased Equipment, the balance of the rent payments provided herein.

Lessor may terminate the Lease as to any or all Leased Equipment.

Lessor may pursue any other remedy at law or in equity.

If Lessor brings a legal action or proceeding against Lessee to enforce, protect, or establish any right or remedy under this Lease, Lessor shall be entitled to recover court costs and reasonable attorneys fees.

22. RADIO INSTALLATION: Lessor hereby consents to the installation of two-way radios on the Leased Equipment and such radios shall remain the Lessee's property and shall be returned to Lessee upon termination of this Lease. Lessee shall not damage the Leased Equipment in the installation or removal of the radios.

23. DUPLICATE ORIGINAL: A signed copy of this Locomotive Lease shall have the same force and effect as the signed original.

24. MISCELLANEOUS:

A. Entire Agreement

This Lease Agreement is the entire Agreement between Lessor and Lessee, and none of the terms of the Lease may be amended or modified in any manner except by a written instrument signed by both Lessor and Lessee.

B. Notices

All notices required or permitted to be used shall be in writing and shall be considered given and served (a) upon personal delivery of a copy to the person to be served, or (b) twenty-four (24) hours after mailing such notice by certified or registered mail, postage prepaid, addressed to the person to be served and deposited in the United States mail. The addresses for notices shall be those named on page one hereon. Notice of any change in address shall be given in the manner provided for above.

C. Non-Waiver

A waiver by Lessor of the performance or observance of any one or more of the covenants or conditions of the Locomotive Lease is not a waiver of Lessor's right to enforce any other, or subsequent covenants or conditions of the Locomotive Lease.

D. Additional Documents

At the request of Lessor, Lessee shall execute and deliver to Lessor such documents as Lessor shall deem necessary or desirable for the purpose of recording or filing or for the purpose or effectuating the provisions of this Lease.

D. Number and Gender

As used in this Lease, the masculine, feminine, or neuter gender, and the singular or plural number, shall each be considered to include the other whenever the text so indicates.

F. Choice of Law

This Lease is to be governed by and construed in accordance with the laws of the State of Nevada as they exist at the date of execution of this Lease. It is agreed that proper venue for all court proceedings shall be in Carson City, Nevada.

G. Successors and Assigns

This Lease Agreement shall be binding upon and shall insure to the benefit of the parties hereto and their respective heirs, representatives, successors, and assigns.

DATED this 25 day of October, 1985.

LESSEE: INMAN SERVICE COMPANY, INC.

LESSOR:

Lynn Hagen
LYNN HAGEN

By

Vincent Ray Inman
VINSEN RAY INMAN

Its Executive Vice President

EXHIBIT A

MONTHLY LUBRICATION AND INSPECTION REPORT

Date _____ Field Representatives _____
 Company _____ Locomotives _____

WORK PERFORMED
 (INITIAL)

REMARKS

1. Journal Boxes	_____	_____
2. Journal Box Guides	_____	_____
3. Engine Crankcase	_____	_____
4. Air Intake Filter (Clean, service or replace)	_____	_____
5. Compressors	_____	_____
6. Compressor Filter (Clean, service or replace)	_____	_____
7. Water Pump	_____	_____
8. Throttle Mechanism	_____	_____
9. Traction Motor Armature Bearing	_____	_____
10. Motor Axle Bearing	_____	_____
11. Traction Gearing	_____	_____
12. Center Plates	_____	_____
13. Reverser	_____	_____
14. Throttle Switch	_____	_____
15. Controller	_____	_____
16. Radiator Fan Bearing	_____	_____
17. Traction Generator Bearing	_____	_____
18. Charging Generator Bearing	_____	_____
19. Fuel Oil Filter - Replace	_____	_____
20. Crankcase Filter - Replace	_____	_____
21. Side-Rod Bearings	_____	_____
22. Other: _____	_____	_____

Additional Comments: _____

Inman Service Company Representative
 Please attach all invoices for the job.

Customer Representative

PLEASE ATTACH ALL INVOICES FOR THIS JOB!

EXHIBIT B

MONTHLY MAINTENANCE AND REPAIR REPORT MECHANICAL AND ELECTRICAL

Date		Field Representatives	
Company		Locomotive	
Item	WORK PERFORMED (INITIAL)	Remarks	
1. Traction Motors, Bolts, Safety Bar			
2. Traction Motor Brushes and Commutator.			
3. Traction Motors: Clean and Blow Out.			
4. Throttle Switch and Controller			
5. Engine: Valve and Injector Adjustments and Blow-by			
6. Fuel Tank: Drain Sump.			
7. Brake Shoes and Brake Rigging (adjust or repair)			
8. Running Gear and Wheels			
9. Compressors			
10. Belts and Guards.			
11. Changing Alternators/Generators			
12. Interlocks: Clean or Replace			
13. Contactors: Clean or Replace			
14. Journal Bearings			
15. Side-rod Bearings			
16. Center Place: Inspect			
17. Electrical Contacts and Brushes			
18. Headlights: Front and Back			
19. Batteries: Clean Battery Compartment, Corroded Terminals and Coat			
20. Generators: Clean and Blow-Out			
21. Brake Valve and Cylinders: Adjust Travel			
22. Bell Ringer			
23. Window Wipers			
24. Air Distributing Valve			
25. Air Feed Valve			
26. Air Safety Valve			
27. Air Dirt Collector			
28. Air Gauges			
29. Sanders			
30. Handrails and Steps			
31. Upper and Lower Control Cabinets: Wash and Clean with Electrical Cleaning Solvent and Blow-Out			
32. Instrument Gauges:			
A. High Temperature			
B. Low Oil Pressure			
C. 117 Nerve Center			
D. Load Meter			
E. Amp Meter			
F. Volt Meter			
33. Other:			
Additional Comments:			

Service Company, Inc. Representative

Customer Representative

attach all invoices for the job.

PLEASE ATTACH ALL INVOICES FOR THIS JOB!

FIRST ADDENDUM TO LOCOMOTIVE LEASE

Lease No. 1227

12/16/85
Date

LESSOR: LYNN HAGEN
907 Spencer Street
Carson City, Nevada 89701

LESSEE: INMAN SERVICE COMPANY
115 North Main
Baytown, Texas 77520
(713) 427-6677

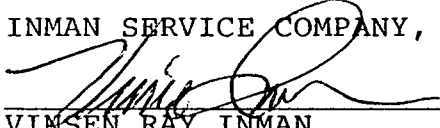
1. ADDENDUM: Lessor and Lessee hereby agree to this Addendum to that certain Locomotive Lease # 1227, dated October 25, 1985.

2. INVESTMENT TAX CREDIT AND DEPRECIATION DEDUCTION: The rent due and owing under the above described Locomotive Lease has been computed on the understanding that the Lessee shall have the right to claim any Investment Tax Credit allowable under the applicable sections of the Internal Revenue Code and State Law for the Leased Equipment on its Federal and State Income Tax Returns.

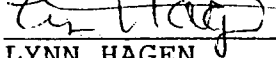
Lessor shall have the right to claim on his Federal and State Income Tax returns any depreciation deductions with respect to the Leased Equipment as are allowable under the applicable sections of the Internal Revenue Code and State Law.

Dated this 16th day of December, 1985.

LESSEE: INMAN SERVICE COMPANY, INC.

By 
VINSEN RAY INMAN
Its Executive Vice President

Dated this 30th day of December, 1985.

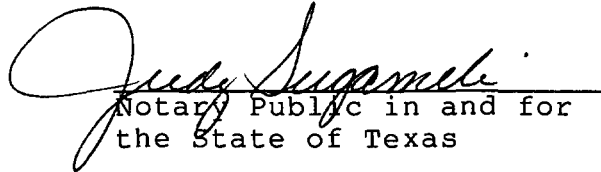
LESSOR: 
LYNN HAGEN

THE STATE OF TEXAS

COUNTY OF DALLAS

The undersigned does hereby certify that the foregoing locomotive lease agreement is a true and correct copy of the Locomotive Lease Agreement No. 1227 executed as of October 25, 1986, by and between G. Lynn Hagen, an individual residing in Carson City, Nevada, and Inman Service Company, Inc., a Texas corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 26th day of August, 1986.


Notary Public in and for
the State of Texas

My Commission Expires:

1/21/89